May 3, 2001

**[Filed Electronically]**
Magalie Roman Salas, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

**Re: Written *Ex Parte* Presentation: PP Docket No. 00-67 (Compatibility Between Cable Systems And Consumer Electronics Equipment)**

Dear Secretary Salas:

The Consumer Electronics Association ("CEA") is pleased to respond to the requirement of the Commission for a report on the progress in implementing the agreements of February 22, 2000, made between CEA and the National Cable Television Association ("NCTA") regarding compatibility between cable systems and consumer electronics equipment.[1] As the Commission knows, those agreements consisted of two documents: a technical agreement addressing direct connection of television receivers to the RF output of cable systems, and an agreement addressing carriage of PSIP (Program and System Information Protocol) over cable plant. In addition, CEA will use this opportunity to report on progress in the development of POD (point of deployment) security module interface standards, which is substantially related to implementation of the February 22 agreements.

While progress has continued in the standardization process since our last report,[2] no final "build-to" standard has been completed for the POD host device. Also, it appears there has been no movement within the cable industry to ensure that PSIP information can pass unfettered through the entire cable chain.

Thus, it remains the case that it is currently impossible to complete the design of a digital television receiver that will be compatible with the POD-Host Interface ("PHI"), because the

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1 *See Compatibility Between Cable Systems and Consumer Electronics Equipment*, FCC 00-342, PP Docket No. 00-67, ¶¶ 34-36 (rel. Sept. 15, 2000); *see also Erratum* in PP Docket No. 00-67 (OET rel. Oct. 25, 2000) (setting forth reporting requirements).

2 *See Ex Parte Letter from Michael Petricone of CEA to FCC Secretary*, PP Docket No. 00-67 (filed Nov. 30, 2000).

parameters of that interface are not fully and finally determined. Meanwhile, MSOs continue to deploy proprietary digital set-top boxes that do not include the PHI (or include it only as an unessential add-on), and demote digital consumer electronics equipment to the status of largely SD-only monitors and nearly manual passive recording equipment.

The six months since the last report on implementation of the February 22 agreements have seen too-slow progress on the standards needed to ensure compatibility between digital cable systems and digital television receivers. Even when the standards that are now being developed are completed, there will remain significant obstacles to achieving compatible operation of digital cable systems and digital television receivers and home recording equipment.

First among them is the obvious lack of commitment by the cable industry to implementing these standards and its continued preference for proprietary technologies that will limit consumer choice and continue the long-standing situation of consumer confusion and frustration that prompted the passage of Section 624A in 1992 and yet prevails today.

Another obstacle is the cable industry's intent to impose a PHI license that would roll-back home recording rights, control market entry of new consumer electronics equipment and functionalities, compromise manufacturers' intellectual property rights, and threaten the continued interoperability of the embedded base of television equipment now in American homes.

In addition, we do not foresee the near-term completion by the cable industry of final "build-to" standards for "middleware," which is the only mechanism the cable industry deems feasible for retail cable products to access any services beyond basic programming such as pay-per-view and video on demand.

Over the last six months communications between the cable and consumer electronics industries in the pursuit of compatibility solutions have remained inadequate in the absence of an inter-industry standards-setting consultative body that could function in the place of the Cable-Consumer Electronics Compatibility Advisory Group ("$C^3$AG") or the Joint (CEA/NCTA) Engineering Committee ("JEC"). In our previous report, CEA referenced the deficiencies of CableLabs' so-called "OpenCable" process directed by CableLabs for the completion of "build-to" standards for competitive navigation devices.

The OpenCable process is not a substitute for the earlier, more productive joint efforts of the $C^3$AG-JEC mechanisms, because its purpose is not to ensure compatibility between cable systems and consumer electronics equipment, but rather to provide technical specifications to the cable industry for it to address its obligations under Section 629 of the Communications Act. Therefore, CEA engaged NCTA and the Society of Cable Telecommunications Engineers ("SCTE") in discussions toward the goal of creating a framework to encourage consensus on technical solutions and to enable coordinated standards development in the future. Those discussions have not proved fruitful, however, and, without Commission intervention, it is unlikely that such a focused, standard-specific framework will emerge.

As ever, CEA has endeavored to move forward with its open, accredited standard-setting process even without an effective inter-industry consultative mechanism. Unlike the OpenCable process, the CEA standards process is open to all interested parties and operates under the strict public disclosure and agreement guidelines of the American National Standards Institute (ANSI).

This month, CEA published EIA/CEA-818-B, which updates the standard setting minimum requirements for television receivers connected to uni-directional cable services, as well as complementary minimum requirements for receiver-compatible digital cable systems. In addition, the publication of EIA/CEA-819, which addresses two-way, "interactive" cable services, such as video-on-demand, interactive shopping and audience opinion polling, was noted in our last report.

Appropriate CEA standards development groups remain ready to update these standards, as CEA has in the past, in order to harmonize with cable's ongoing revisions of relevant SCTE DVS standards. For example, SCTE published Revision 5 of DVS-313 on April 25, 2001, which sets forth revisions to the standard for a "digital cable network interface." In response, CEA has already begun its process to revise EIA/CEA-818-B to reflect the changes that have been made to DVS-313. CEA is determined that its continued development of EIA/CEA-818 and EIA/CEA-819 will keep these CEA standards harmonized with the relevant SCTE DVS standards to ensure that the common functionalities necessary for interoperability are contained in the standards developed by both organizations.[3] CEA remains ready to participate in a process with NCTA to conform and update the February 22 technical agreement, which has now been made obsolete by the yearlong SCTE process. As discussed below, EIA/CEA-818 and EIA/CEA-819 rely not only on DVS-313, but also on the POD-Host Interface ("PHI") standard, DVS-295, and the PHI Copy Protection System standard, DVS-301, neither of which is yet completed.

Despite the continued work on "build-to" standards, CEA regrets to report that there has been no evident change in status in actual cable industry implementation of the February 22, 2000 PSIP carriage agreement. There is still no commitment by any of the major content providers to make available for carriage the PSIP information that the February 22 agreements were intended to support. This is so even though a significant number of these content providers are owned, controlled or substantially influenced by the MSO-members of NCTA. Nor is CEA aware of any significant developments or undertakings by the cable industry in those areas identified in the PSIP agreement as areas where technical changes and system redesign were needed to ensure proper reception of PSIP by cable-ready receivers. These areas included content re-encoding, PSIP injection into uplink encoders, remultiplexing, and master downlinks feeding multiple cable systems utilizing varying channel maps.

Moreover, it continues to be the case that many cable MSOs remain engaged in major upgrades of their infrastructure to make possible the delivery of enhanced electronic program guides that are based on the use of proprietary technologies, rather than supporting the "open

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[3] For example, CEA initiated a revision to its standard EIA/CEA-818-A (resulting in EIA/CEA-818-B) when SCTE DVS approved Revision 3 of DVS-313.

standards" process described above. The result is that these MSOs continue to transmit out-of-band program guide information to cable operator-supplied set-top boxes in a manner not currently replicable by the use of receiver designs relying on open standards.

A similar situation prevails with respect to implementation of the Commission's navigation devices requirements for the development of a POD-Host Interface ("PHI"). Despite continuing specification work at CableLabs and standardization work in SCTE, no fully functioning PODs or host devices for the PODs can yet be designed. Revisions to SCTE's DVS-295 and DVS-301 (the latter addresses copy protection protocols for the POD-Host Interface) have been balloted and are now in the consensus-seeking "negative ballot" and "comment resolution" phase, which may take several months. This delay is significant because these cable standards, once completed, will affect and require modifications to all the "build-to" standards CEA has discussed above, as well as the specific standards upon which the February 22 agreements were based.

In conclusion, CEA repeats its call on the Commission to take serious action to change the incentives of the cable industry, by requiring cable MSOs to invest wholly in open standards for system upgrades, to require MSOs to use the same technologies as those made available to competitive entrants, and by curbing the anti-consumer and anti-competitive provisions which characterize the current PHI license. In addition, the Commission should ensure that the cable industry provides expeditious solutions to allow competitive products to access video-on-demand,

pay-per-view, and other advanced services. It will only be through such reasonable and necessary Commission intervention that American consumers will reap the benefits of both digital cable systems and the most advanced designs in digital consumer electronics equipment.

Sincerely,

**/s/ Michael Petricone**

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Michael Petricone
Vice President, Technology Policy
Consumer Electronics Association
2500 Wilson Boulevard
Arlington, VA 22201
(703) 907-7600

CC: The Commissioners
Deborah Lathen, Cable Services Bureau
William Johnson, Cable Services Bureau
Deborah Klein, Cable Services Bureau
Steven Broeckaert, Cable Services Bureau
Bruce Franca, Office of Engineering & Technology
Alan Stillwell, Office of Engineering & Technology
Robert Pepper, Office of Plans and Policy
Jonathan Levy, Office of Plans and Policy
Amy Nathan, Office of Plans and Policy